

THE ESTABLISHMENT AND OPERATION OF THE LEADER PROGRAMME IN HUNGARY

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Abstract

The development of the hungarian LEADER programme was organized by the Institute of Rural development, Training and Consultancy under the control of the Ministry of Rural Development. Starting the programme without earlier experiences, lead to problems, but these were solved by the efficient work of the organizing institutions. The changing European economical situation makes it necessary to review and update the Local Development Strategies along with opening the programme again. This makes the programme work more effectively with every new turn. Continusing LEADER in Hungary after 2013, by using the hungarian and Western European knowledge, can bring economical and social benefits for rural areas and for the whole nation as well.

1. INTRODUCTION

With the upcoming 2014-2020 cycle in the European Union it is essential that Hungary acts accordingly to the actual challenges on the field of rural development. Both in the EU and worldwide countries began to reconsider the role of rural areas and the people living there and the part they represent in the nation's economy. This trend is the result of that people are starting to realize that the rural areas can be one of the key elements of the growth and rise of a nation.

One of the assets for this is the LEADER program, which is a Community initiative in the EU. In Hungary it has been ongoing for several generations since its start in 2007. I will walk through this process in this article. All the data used was provided for me by the Institute of Rural Development, Training and Consultancy (IRDTC).

2. ESTABLISHMENT OF THE LEADER PROGRAMME

In 2007 the Ministry of Agriculture and Rural Development entrusted the Institute of Rural Development, Training and Consultancy to create the network of Local Rural Development Offices (LRDO), which were responsible for establishing the Local Action Groups (LAG).

Since 2007 there is a Local Rural Development Office in every microregion, creating a national network. The primary tasks for these offices, were aiding the Local Communities and coordinating their establishment. Later these Local Communities became the Local Action Groups.

The earlier LEADER programme did not cover the whole area of Hungary, and new LAGs had to be started in 2007, because of the changes of periodical payments in the 2007-2013 period. A survey was made including all the possible participants of the programme, who were chosen from the 3 sectors: civilians, local governments or authorities and business participants. The LRDOs assessed, which participants would join and take part in the programme and the establishment of the local communities and also what are their ideas about forming these territorial units. All the participants from the three sectors had to make a statement about the will to join the forming local community. In Hungary the base of the communities were and are still the local governments. One of the main reasons for this – other than the principle of subsidiarity – is that the underfunded local governments have tried to get extra funds for development. These funds opened an opportunity to finance and carry out social, economical and infrastructural investments.

On the fall of 2007 the consultations started about forming the territorial units. These, based on earlier experiences from the programme, were formed in a relatively short period of time. Their number at the start were around 100. According to the original concept, only 60 of these communities could get the LAG title from the Managing Authority (MA). These 60 Groups - according to the EU legislations and the actual informations relevant to the European Agricultural Fund for Rural Development – could get a exact amount of money through tender. This would have been more effective, because they would have to compete for the money, which would lead to competition in operating the best possible and most effective way.

The main purpose of the consultations were to end the territorial overlaps. Any commune could apply into a microregion if any member of the commune handed in an application to join. This way civilians could hand in an application to one microregion and local governments could apply into a different one, so a commune could end up applying into multiple microregions. The consultation started on the fall of 2007, ended with a high succes rate, because it was lead by consultation experts from the IRDTC. There was only one case that they couldn't settle and it ended up at court.

After this the MA decided to grant the Preliminarily Acknowledged Community title to all the communities that applied for it and met the requirements. This was needed for any community to become a LAG later on. As a consequence there were no competition for the LAG titles. Although it didn't necessary mean that all the Preliminarily Acknowledged Community became LAGs, because the MA made the communities plan their Local Rural Development Strategy (LRDS). This step was a turning

point in the process. Any Preliminarily Acknowledged Community that handed in their Strategy had their LAG title granted permanently. By the end of 2008, 96 communities have met the requirements for becoming a LAG. (figure 1)

The last requirement for bearing the LAG title permanently was that all Groups had to establish a legal entity. Until 31st December 2011 only associations, non-profit limited or a non-profit private company limited were the only legal entities. From 1st January 2012 decided by the MA and the relevant regulation only associations can be legal entities. Today only 94 LAGs are working, because the Managing Authorities took back the title from two communities.

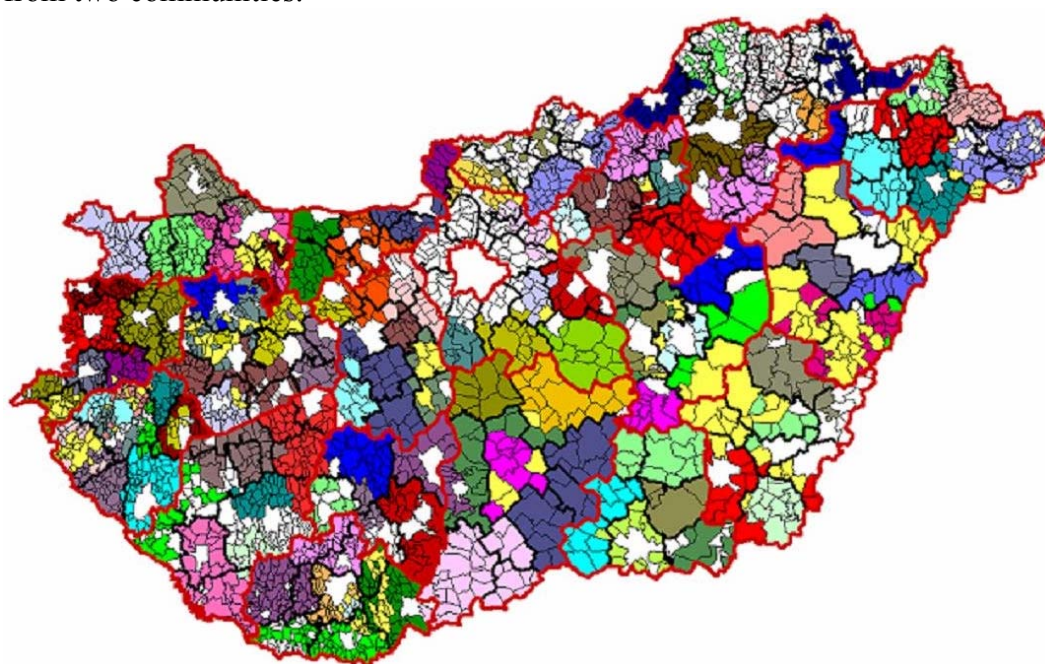


Fig. 1. Registered local communities, 20th september, 2007 (source: UMVP.EU)

The rules and process of establishment of LAGs were regulated by two laws. One of them is the 93/2007 statute, the other one is the 147/2007 statute. Both issued by the Ministry of Agriculture and Rural Development. These define both the procedures of forming the communities and the planning of Local Rural Development Strategies. These documents and their annexes explain how the groups, the communes, the microregions and the Local Rural Development Strategies were formed and acknowledged. The tender documents were examined and considered by the IRDTC and the whole decision preparatory process went down at the same institute, but the final decision was made by the MA. During the decision preparatory process all the accession documents, data sheets, contributory and

supporting declarations and all other necessary documents were handed in to the LRDOs by the forming communities.

In October 2007 the LRDOs received these documents and after the primary review and the local correction of deficiencies they sent the documents to the IRDTC. After this the competent department of IRDTC have monitored the applications technically and contentwise and finished the formal correction of further deficiencies. With these corrections made, it became possible to decide which communities are suitable to carry on to the next phase of the process, which was the making of the LRDSs. The suitable communities went on to become Preliminarily Acknowledged Community.

3. LOCAL RURAL DEVELOPMENT STRATEGY PLANNING

In May 2007 the LRDOs officially started their operation, which started with a training. A representative from the European Public Advisory Partners (EPAP) attended at this training, who presented the future planning software for the LRDSs to the participants.

The LRDS planning had to be done on an internet based interface which contained an interface associated database. All data had to be entered through this interface by an authorized person from the groups. This uploading authorization was granted by the EPAP to the person chosen by the leader of the community's strategy planning group. The leaders of the LRDOs' also had to join to the planning process. The finished LRDS had to be uploaded to every LAG's web page and had to be accessible for the public.

Since 2008 the Strategies were reviewed twice. The first control was in 2009, the second occurred in 2011. Both reviews occurred before the opening of the LEADER programme in Hungary. The review in 2009 was for updating the LRDSs for the first round of LEADER. This time SPSRs (Situation, Problem, Solution, Result) were created. These defined the fields to which tenders may relate at certain LAGs.

During the 2011 review the Action Groups didn't use the EPAP's interface. Instead they had to hand in their new documents on paper to the Managing Authority. This was on the spring 2011 and it served the purpose of updating the LRDSs and creating and selecting the target areas of the programme. Every LAG could create 10 target areas, they could go for later on in the LEADER programme.

4. PROBLEMS DURING THE LRDS PLANNING

During the making of LRDS several statistics had to be handed over to the MA. In several cases these statistics didn't match the statistics of the Hungarian Central Statistical Office or the communes' statistics. The first

reason for this was that the last census was six years earlier, in 2001. The second reason is that many statistics are calculated in advance, so although there are statistics for every year, they are not necessarily correct. The local statistics, provided by local authorities or civilians are more precise and up to date, since they are based on proper counting, measurements or surveys. The EPAP system accepted the statistics in both cases.

Because of lacking of local experience, the statistics provided by the Hungarian Central Statistical Office were inaccurate.

5. THE EPAP INTERFACE

The EPAP created the internet based interface and the associated database for the LRDS planning. A big advantage of that system was that it tried to quantify and formalize the LRDSs. This way all the LRDSs could be managed uniformly and could be compared, so it was easy to rate them. The same feature of the interface was also a disadvantage for the LEADER. It formalized all the problems and opportunities as well. In the case of other programmes this would be a perfect solution, but in the case of LEADER – which is built on the principles of subsidiarity, innovation and uniqueness – it prevents the programme to fulfill its principles. Only certain preliminarily defined options were given to choose from. This wasn't a big problem at the first round of LEADER+, because at that time nobody in Hungary possessed the required experience for the programme. Within the MA several experts with international experience worked with the programme, but they couldn't use their experience in hungarian context.

In 2011 the new Strategies were handed in on paper instead of the EPAP interface. This made it harder to compare or quantify them, but it gave bigger freedom for the LAGs during the planning. This way they could customize the problems and the solutions for their own situation. The MA reviewed and inspected the target areas and checked if they match the programme principles. This method was better fitting for the programme's idealism and it's innovative nature, because the LAGs could choose target areas that that were essential for them.

The LRDOs were in the programme until the end of 2008, when the planning period ended. After that the Offices served incidental informative purposes. By the summer of 2010 their central funding was over and their further operating was no longer necessary. The Local Rural Development Office network was ceased. The remaining offices could continue operating at their own risk and by self-financing.

The statutes 93/2007. (VIII. 29) and the 147/2007. (XII. 4) issued by the Ministry of Agriculture and Rural Development have been overruled, since the LAG establishment can not be done as it is described in those statutes. The statute 93/2007. described regulated the process of

establishment. The statute 147/2007. described and regulated the forming of Preliminarily Acknowledged Communities, the review of the LRDSs and the process of selection of LAGs.

The last, current provision is statute 54/2011. (VI. 10.) about operating the LEADER LAGs. This preceded the opening of LEADER in 2011. The statute controls the operating conditions of existing LAGs, and the forming of new ones. It also controls the review of the Local Rural Development Strategies.

The future of LEADER after 2013 in Hungary is not yet fully decided, so it is a matter of future decisions whether the LEADER continues operating or not in the new financial era of 2014-2020.

6. ASSESSMENT

Since the start of the LEADER in Hungary there has been 4052 projects within the programme. Examining the distribution of projects (figure 2) the most projects were from community developments (1198, 29,57% of all projects). Community developments are followed by enterprised based developments (852, 21,03%) and public events (600, 14,81%).

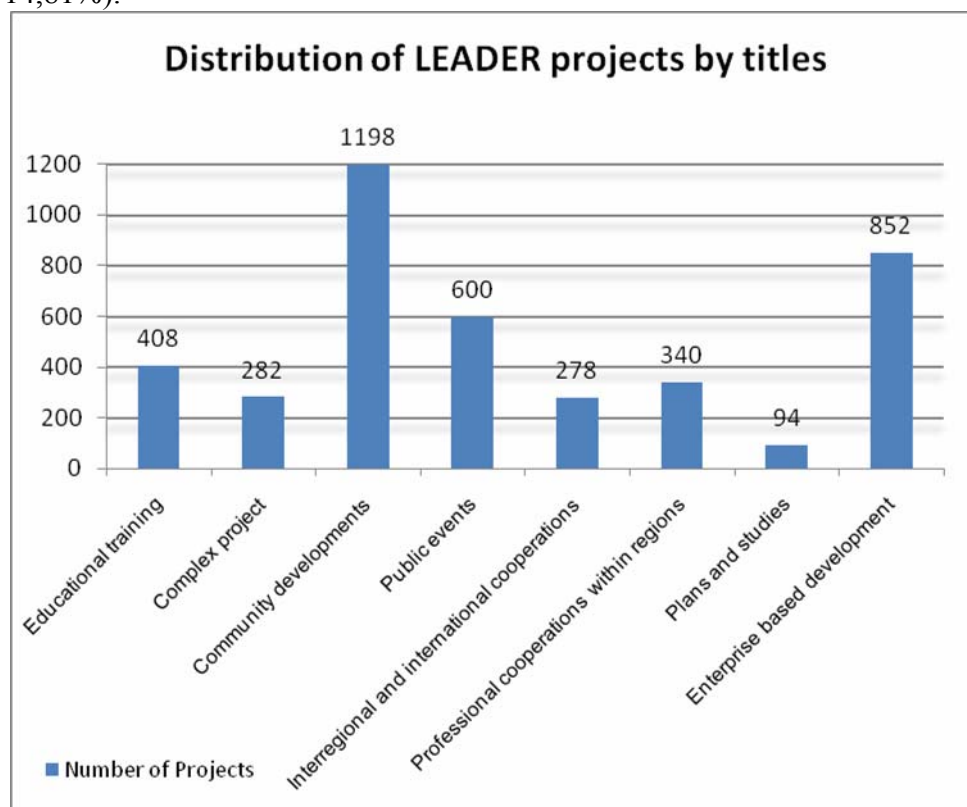


Fig. 2. Distribution of LEADER projects by titles

Analyzing the number of LEADER projects distributed by subject matter (figure 3), the highest number of projects were from the subject of culture (782 projects, 19,3% of all projects). Cultural projects are followed by other activities (702, 17,32%) and educational projects (380, 9,38%).

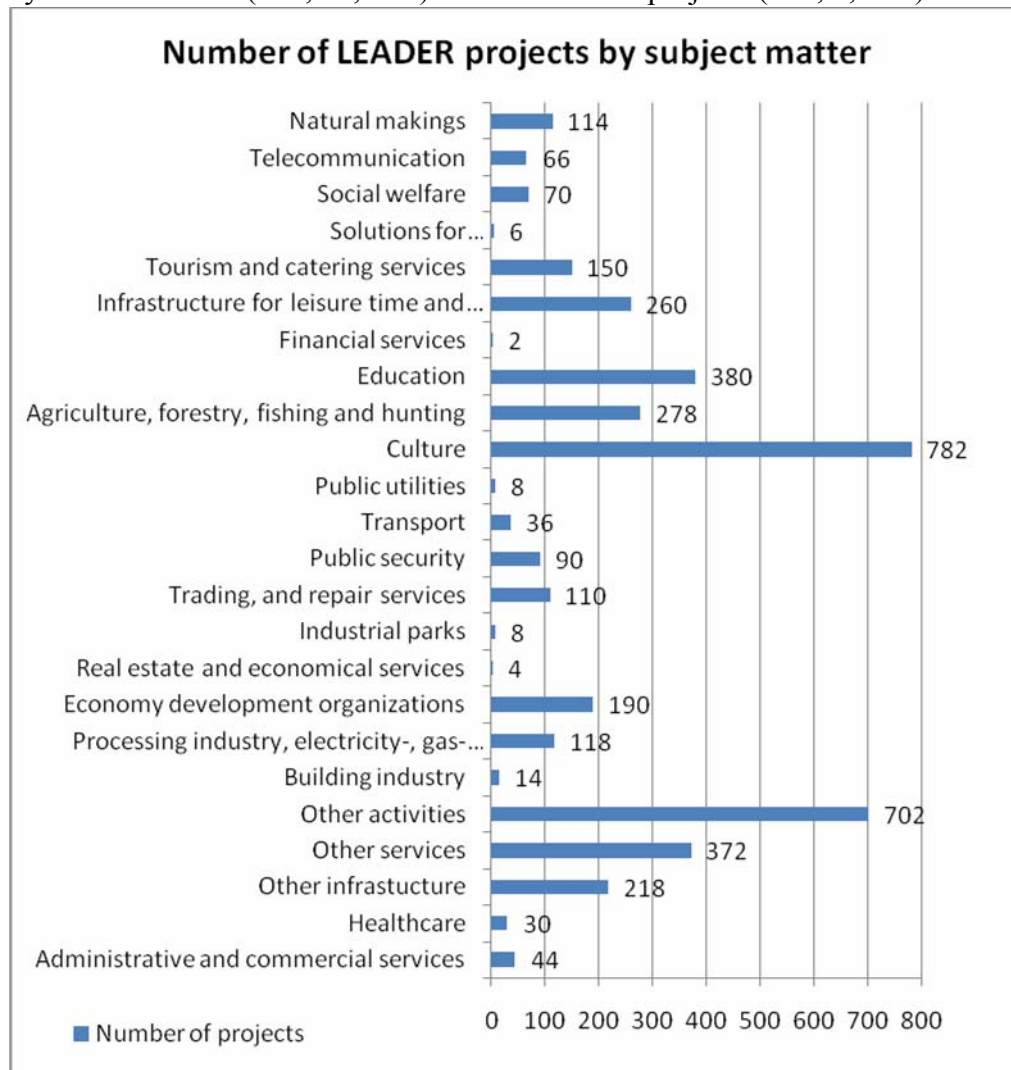


Fig. 3. Number of LEADER projects by subject matter

The distribution of projects show an odd combination with the social and infrastructural projects dominating over economical ones. The fact that more social and infrastructural projects have been realized than economical or financial ones, raises the suspicion that these projects will not stay sustainable for a longer period of time. Maintaining social and infrastructural projects cost money, however they don't produce any, so there is a need for external fund. This should call for raising the number of

economy invigorating projects, so their income could cover the costs of maintaining social and infrastructural investments.

Because of the closeness of the 2014-2020 European Union financial period, and the deepening crisis it is urgent and essential for Hungary to realize the importance of the rural areas and their development and the part those are taking in the nation's economy. For this, the LEADER programme is sufficient asset and its further development can highly contribute to closing the economical and social gap compared to urban areas. It can also provide great help in raising and maintaining a higher standard of living for the people living in those areas. Operating the programme and the LAGs become more effective as time goes on because the acquired knowledge and experiences can be used in further actions.

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